

FARRER&Co

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2 September 2011

By Email: Commandere@parliament.uk
By Post

Dear Sir

We write further in response to your letter of 16 August and our letters of 24 and 31 August 2011.

Dealing with each of the Committee's requests in turn:

1. The role that Farrer and Co played in advising News Corporation on whether or not to settle with Gordon Taylor.

Farrer and Co ("the Firm") was not retained by News Corporation. The Firm was instead instructed by News Group Newspapers Limited ("NGN"), a subsidiary of News International Limited, to act for it in the claim issued by Gordon Taylor. NGN was the publisher of the News of the World. The Firm's advice on defending the claim included advising NGN on whether to settle the proceedings and the terms of the settlement.

2. Assuming that Farrer and Co were engaged to provide advice on the Gordon Taylor settlement, the Committee would be grateful to receive details of that advice, including on the amount of the settlement and the extent to which it rested on a confidentiality agreement.

Following the disclosure of documents by the Metropolitan Police and others to Mr Taylor, which were then disclosed by Mr Taylor to NGN, Mr Taylor demanded £1 million by way of settlement, plus costs. We suggested making an initial settlement offer of £50,000. However, we advised that it was inevitable that Mr Taylor would want more in view of the fact that his initial demand for £250,000 had been increased by £750,000 to £1 million.

An oral offer was made in the sum of £50,000 by way of damages, in addition to costs and NGN providing various undertakings which reflected other relief sought by Mr Taylor. This offer was rejected.

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We then advised that if NGN wished to resolve the litigation before trial, it should increase the offer by a substantial amount. We suggested increasing the offer to £150,000 plus costs and undertakings. We also suggested that this offer be made by way of Part 36 of the Civil Procedure Rules, which provides protection on the question of costs. That offer was rejected. The Firm was informed by Mr Lewis that Mr Taylor was not interested in negotiating and wanted to take the case to trial.

The Firm advised NGN to obtain the advice of Leading Counsel, who advised that the level of damages which a Judge would award could not be predicted with any certainty. His view was that the court might award a sum at any level from £25,000 to £250,000 or possibly even more, although that was extremely unlikely. His view was that the award would either be about £100,000 or about £250,000 depending upon the personal reaction of the judge who heard the claim. He further advised to increase the Part 36 offer and suggested the figure of £250,000. This advice preceded the judgment in *Mosley v NGN*.

The Firm was instructed to increase the Part 36 offer to £350,000. This offer was also rejected. Mr Lewis informed Mr Pike that Mr Taylor “wanted to be vindicated or made rich”.

In response, it was agreed to extend the period in which Mr Taylor had to accept the Part 36 offer and to accede to certain of Mr Taylor’s other requests.

Following some further negotiations, final terms were agreed which included the payment of £425,000 damages plus costs, and the provision of undertakings and an affidavit.

As regards confidentiality, our recollection is that both parties were interested in confidentiality provisions. That appears to be reflected in the Committee’s Second report on Press Standards, Privacy and Libel, printed on 09 February 2010 (paragraphs 451 – 455). An element of the sum paid to Mr Taylor would have reflected the agreement to keep the matter confidential but no precise figure was attributed to that element that we are aware of.

3. Again assuming that Farrer and Co were engaged to provide advice on the Gordon Taylor settlement, information on when – if at all – the firm’s attention was drawn to the “for Neville” email, and by whom.

The Firm’s attention was first drawn to the existence of what is now known as the “for Neville” email on 1 November 2007, when it was referred to by the Metropolitan Police in response to an inquiry made by the Firm on 28 September 2007. The Police’s response did not quote from or include a copy of the email.

On 7 December 2007 Mr Taylor obtained a court order requiring disclosure of documents by the Metropolitan Police. The disclosure obtained pursuant to this order included the “for Neville” email.

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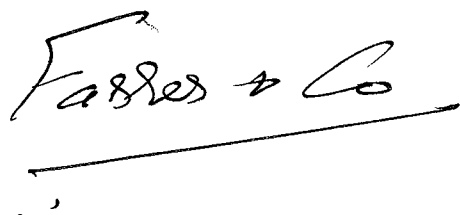
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The Firm first saw the "for Neville" email when it was disclosed to it by Mr Taylor's solicitors on 2 April 2008.

4. Whether Mr Pike told Mark Lewis that he was "negotiating with Murdoch" and whether this was a reference to James Murdoch or Rupert Murdoch.

Mr Pike does not recall making the statement Mr Lewis claims to have been made, nor anything similar to it. Mr Pike has negotiated numerous settlements on behalf of NGN and save for disclosing that he would need to take instructions from the relevant in house lawyer, he has not and would not reveal which other individuals within NGN might be involved in giving instructions, other than if an Editor's specific approval is required, such as in respect of the wording of an apology. As a matter of fact, in Mr Taylor's case, Mr Lewis was not negotiating with Mr Murdoch; he was negotiating with Farrer & Co, and specifically with Mr Pike. In turn, Mr Pike obtained instructions from Mr Crone. Mr Pike never had any contact with Rupert or James Murdoch regarding the settlement negotiations. It is therefore inherently unlikely that Mr Pike would have made the statement Mr Lewis now seeks to attribute to him.

Yours faithfully

A handwritten signature in black ink that reads "Farrer & Co". The signature is written in a cursive, flowing style. Below the signature is a long, horizontal, slightly wavy line that extends across the width of the signature.